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U.S. EPA REGION 10  
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June 4, 2010

**VIA E-MAIL AND**  
**1<sup>ST</sup> CLASS MAIL**

Ms. Lori Houck Cora  
Assistant Regional Counsel  
U.S. Environmental Protection Agency  
Region 10, ORC-158  
1200 Sixth Avenue  
Seattle, WA 98101

Re: ~~Portland~~ Harbor Superfund Site; Linnton Plywood Association ("LPA")  
**FRE 408 Confidential Settlement Communication**

Dear Lori:

In response to your letter of February 9, 2010, setting forth EPA's counter offer to LPA's original settlement offer of October 30, 2009, we provided you our March 24, 2010, letter and the additional information that you requested. We anticipated responding separately to EPA's counter offer of \$1.5 Million to settle LPA's CERCLA liability. Subsequently, LPA's insurance carrier, Liberty Mutual ("Liberty"), concluded that certain "pollution exclusions" in some of the LPA policies were sufficient to deny coverage of EPA's claims under those policies. That determination substantially reduces the amount available to fund an early settlement with EPA based upon LPA's "ability to pay". As a result, there is only coverage available and applicable under the policies issued during the five year period between 1966-1971; the aggregate amount of this coverage is \$500,000.

Based upon that determination we have been authorized to propose payment of the sum of \$500,000.00 in full settlement of EPA's claims. Liberty advises that this is the full amount of the insurance policy limits available and applicable to these claims.

As this time, this settlement proposal is subject to the following terms and conditions:

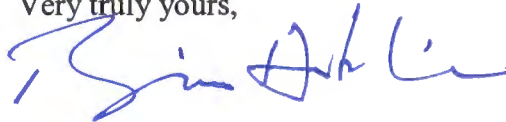
- That it is approved and accepted by LWG consistent with the understanding reached between EPA and LWG;

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- That the AOC or Consent Decree affords LPA the protection of EPA's covenant not to sue and protection from contribution claims as you have previously indicated;
- That the NRD claims of the Natural Resource Trustees are resolved in accordance with LPA's recently submitted proposal (so that DOJ approval can be secured concurrently);
- That any claims of the Oregon Division of State Lands relative to its LPA Submerged and Submersible Land Lease are barred; and,
- That LPA's prospective purchaser (if not a PRP) is afforded the protections available under the Brownfield Amendments, and a CERCLA Bona Fide Prospective Purchaser Agreement.

Please call if you have any questions, and thank you for anything you can do to provide early advice of EPA's position.

Very truly yours,



William P. Hutchison

WPH/dod

cc: Paul B. George